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SUBJECT: UKRAINE: PM YANUKOVYCH ADVANCES RELATIONS WITH EU

REF: USNATO 538

Classified By: Political Counselor Kent Logsdon for reasons 1.4(b,d)

**¶1.** (C) Summary: While media attention had focused on PM Yanukovych's comments regarding a NATO Membership Action Plan during his September 14 visit to Brussels, MFA European Union Department acting director Dir argued that Yanukovych had made significant statements and substantial progress on EU relations. Yanukovych had affirmed that European integration remained a priority goal of Ukrainian foreign policy and that he was still working toward WTO membership. Dir noted Ukraine and the EU were progressing toward negotiations on a successor basic agreement to the Ukraine-EU Partnership and Cooperation Agreement, due to expire in March 2008. Ukraine hoped to include a reference to "association" in both the title and text of the new basic agreement; the European Commission had prepared a draft text with the likelihood that it would receive negotiating authority by year's end. Ukraine also hoped to initial or formalize in some other way an understanding regarding a visa facilitation agreement during the October 27 summit in Helsinki. The pace of preparations was picking up, with five more bilateral meetings scheduled before the summit. End summary.

**¶2.** (C) During a September 15 meeting, Acting Director of MFA's European Union Department Ihor Dir bemoaned the fact that media reporting had focused almost exclusively on PM Yanukovych's comments regarding NATO during his September 14 visit to Brussels. In fact, Dir asserted, Yanukovych had made significant statements and substantial progress in Ukraine's relations with the EU in several areas. Dir himself had traveled with Yanukovych's party, which arrived late on September 14 then started the next day's program at 7:00 a.m., and participated in the Ukraine-EU Cooperation Council session. He had not accompanied Yanukovych to his NATO meetings or participated in Yanukovych's lunch, with its more restricted guest list, when regional foreign policy issues such as Transnistria had been discussed.

Affirming Ukraine's Existing Goals

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**¶3.** (C) Media reports of Yanukovych's press conference in Brussels track Dir's account, but Dir also highlighted the fact that Yanukovych had clearly stated that European integration was a priority task of Ukrainian foreign policy. During the Cooperation Council meeting, both sides reviewed progress under the Ukraine-EU Action Plan, with generally laudatory EU comments regarding progress in many areas, but, as Yanukovych himself told the media, the EU side noted further progress that Ukraine needed to make regarding efforts to combat corruption and improvements in the investment climate, especially for small and medium enterprises. The EU, however, cited the March parliamentary elections as good evidence of Ukrainian progress toward more

democratic structures and practices.

¶4. (C) During a fairly extended discussion on the topic, Yanukovych had also said his cabinet would put a priority on WTO accession and assured his EU counterparts that he would work to achieve WTO membership as quickly as possible. Regarding a possible free trade agreement, Dir said Ukraine and the EU had held three to four rounds of unofficial consultations since May. Such consultations should continue as long as they made progress, even if the EU side had not received official authorization to negotiate.

The Next Basic Agreement

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¶5. (C) Noting the current Ukraine-EU Partnership and Cooperation Agreement was due to expire in March 2008, Dir said Yanukovych has also discussed a new "basic treaty" defining Ukraine-EU relations. Negotiations needed to start soon, Dir observed, in order to allow time for negotiations plus the ratification process by 25, soon to be 27, parliaments on the EU side. EU representatives had informed the Ukrainian delegation that the European Commission had finished a draft text and was circulating it among EU member states in order to receive authority to initiate negotiations, which should start in early 2007.

¶6. (C) Dir also discussed the importance of the new basic agreement's name, arguing that the word "association" needed to be incorporated into both the title and text. The successor to the current agreement needed to be an enhancement of the current agreement. This enhancement needed to be reflected not just in its specific terms but also by referring to the new agreement as one of

KIEV 00003569 002 OF 002

"association" so that the general public would immediately understand its importance. "Everyone understands that 'association' is a closer and deeper relationship than either 'cooperation' or 'partnership,'" Dir observed. Ukraine would not insist that association meant an automatic right to EU accession, but wanted an acknowledgement that, by virtue of its geographic location, Ukraine was eligible for membership.

Ukraine was hoping for a political signal at the Helsinki Ukraine-EU summit that the new basic agreement would be a type of agreement on association.

Visa "Facilitation" versus "Visa-free"

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¶7. (C) Dir said Ukraine expected some result at Helsinki after two years of negotiations over a visa facilitation agreement. Both sides were continuing to make progress over the remaining technical issues, but the approval process on the EU side would not allow a visa-facilitation agreement to be signed by the Helsinki summit. Dir hoped for some kind of "formalizing" of the draft text during the summit. He also noted Ukraine would view the visa facilitation agreement as the first step to free movement in both directions across the Ukraine-EU border.

¶8. (U) Third Secretary Serhii Leshchenko from Dir's office, and Dir's notetaker at our meeting, had earlier explained to us what a visa facilitation agreement provides for Ukrainian travelers. Although EU citizens can travel visa-free for up to 90 days to Ukraine, EU member states currently apply very strict requirements on Ukrainian citizens. Typically, a Ukrainian will receive a visa for a few days duration that covers the dates of his/her travel. The visa facilitation agreement would relax these requirements so that a qualified Ukrainian would receive a one-, two-, or five-year, multiple entry visa as a matter of course. The agreement would also standardize the documents and fees required.

¶9. (C) While the visa facilitation agreement was at the point of being initialed, the sticking point was the EU insistence

that Ukraine accept a "readmission agreement." Leshchenko confirmed that the agreement required Ukraine to accept illegal immigrants deported from the EU if the illegal immigrants had entered the EU from Ukraine. Ukraine was objecting on the grounds that the agreement would impose costs on Ukraine in terms of expanded detention facilities and deportation in turn of the illegal immigrants to their country of origin. The Ukrainians were arguing for a three-year suspension of the terms of the agreement, which was what Russia and the EU agreed regarding the EU-Russian readmission agreement.

#### Technical Discussions

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¶10. (C) Dir said Yanukovych's visit to Brussels had yielded beneficial progress in other areas when members of his delegation held separate meetings. (Note: Interfax reported Justice Minister Roman Zvarych, DFM Volodymyr Khandohy, Deputy DefMin Leonid Polyakov, and Deputy Energy Minister Serhiy Titenco accompanied Yanukovych.) Participants had not only reviewed current programs but also resolved to intensify future cooperation. Deputy Energy Minister Titenco had signed a Memorandum of Cooperation that resulted from a broader agreement on energy cooperation signed at the last Ukraine-EU summit. Members of the visiting party had also met with representatives of the European Bank for Reconstruction and Development and the European Investment Bank to discuss a concrete project that could result in an investment of 200,000-400,000 euros to develop a metering system, currently lacking, for natural gas deliveries throughout Ukraine. Other Ukrainian officials had also had good discussions with their EU counterparts for Justice and Home Affairs.

¶11. (U) While Dir had alluded to progress in preparations for the Ukraine-EU summit, he said the pace was picking up with five different meetings before the October 27 summit. He was leaving for New York to participate in a September 19 EU Troika Foreign Ministers' meeting. Ukrainian participants would be involved in a COEST meeting in Brussels at the level of political directors. In October, there would be two other meetings, including a Political and Security Committee meeting on October 12.

¶12. (U) Visit Embassy Kiev's classified website:  
[www.state.sgov.gov/p/eur/kiev](http://www.state.sgov.gov/p/eur/kiev).  
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